

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	BPCL IN
Equity Shares (m)	2169
M.Cap.(INRb)/(USDb)	1342 / 16.1
52-Week Range (INR)	688 / 331
1, 6, 12 Rel. Per (%)	5/48/46
12M Avg Val (INR M)	3455

Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
Sales	4,480.8	4,252.3	4,394.8
EBITDA	442.6	262.0	268.6
Adj. PAT	270.6	151.3	153.4
EPS (INR)	129.3	72.3	73.3
EPS Gr.%	1271.9	-44.1	1.4
BV/Sh. (INR)	361.4	397.7	434.8

Ratios

Net D:E	0.5	0.5	0.4
RoE (%)	41.9	19.0	17.6
RoCE (%)	24.8	12.7	12.1
Payout (%)	32.7	49.7	49.4

Valuation

P/E (x)	4.6	8.2	8.1
P/BV (x)	1.6	1.5	1.4
EV/EBITDA (x)	2.8	4.7	4.6
Div. yield (%)	7.1	6.1	6.1
FCF yield (%)	21.3	9.7	10.8

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	53.0	53.0	53.0
DII	22.2	23.1	23.5
FII	16.8	14.5	12.9
Others	8.0	9.4	10.6

FII Includes depository receipts

CMP: INR619
TP: INR660 (+7%)
Neutral

Weak refining, impairment lead to earnings miss

- BPCL's reported GRM came in 27% below our est. at USD12.5/bbl in 4QFY24, while implied marketing margin came in 67% above our est. at INR5.7/lit. Overall EBITDA was below our estimate due to weaker-than-expected refining performance and impairment charge of INR18b in 4Q.
- Refining throughput stood at 10.4mmt vs. our estimate of 10mmt. Refining GRM was below our expectations but higher than HPCL (USD6.9/bbl) and IOC (USD8.4/bbl). In 4Q, Russian crude constituted ~40% of crude mix.
- Marketing sales volume (excluding exports) came in at 13.2mmt in 4Q (vs. 12.9mmt in 3Q). OMCs are currently earnings a gross marketing margin of INR5/lit vs. our assumption of INR3.3/lit for both petrol/diesel.
- Singapore GRM (SG GRM) has been weak so far in 1QFY25'td at USD3.6/bbl vs. USD7.3/bbl in 4QFY24, which may lead to muted refining performance in 1QFY25. Our earnings estimates remain unchanged after 4QFY24 results. However, we raise capex in FY25/FY26 to INR140b/INR150b, as per company guidance (previously: INR100b for both FY25/FY26).
- BPCL is currently trading at 1.4x FY26E P/B and we see limited upside from current levels (FY26 ROE: 17.6%). However, with minimal volume growth and a sharp rise in capex in coming years, we maintain our Neutral rating with a TP of INR660, valuing the stock at 1.5x FY26E BV.

Miss due to lower-than-estimated refining margin; impairment in BPRL

- 4Q refining throughput was in line with our est. at 10.4mmt (-3% YoY).
- Reported GRM stood at USD12.5/bbl (vs. our estimate of USD17.1/bbl and USD9.9/bbl in 3QFY24).
- Marketing volumes, excluding exports, were in line with our estimate at 13.2mmt (+2% YoY). Marketing margin (including inv.) was higher than our estimate at INR5.7/lit (vs. INR3.5/lit in 3QFY24).
- EBITDA stood at INR92.4b (our est. INR102.7b), led by lower refining margins in 4Q.
- The reported PAT was below our estimate at INR42b. However, adjusted for impairment of INR18b, adj. PAT came in at INR55.7b (our est. INR63.6b).
- During 4QFY24, BPCL recorded impaired investments of INR18b in BPRL due to a change in prospects of its blocks. The accumulated impairment loss on investments in BPRL as of Mar'24 was INR52b.
- **For FY24**, BPCL posted EBITDA of INR443.4b (vs. INR126.5b in FY23) and adj. PAT of INR280.2b (vs. adj. PAT of INR29.6b in FY23).
- Marketing sales volume, excluding exports, grew 4% YoY to 51mmt, with marketing margin at INR6.1/lit (vs. marketing loss of INR1.4/lit in FY23).
- The refining throughput was down 4% YoY at 39.9mmt, with reported GRM at USD14.2/bbl (vs. USD20.2/bbl in FY23).
- The board has recommended a bonus share issuance in the ratio 1:1. It has recommended a dividend of INR21/share (pre-bonus), i.e., 210% of FV.

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Valuation and view

- BPCL's GRMs have been at a premium to SG GRM on account of continuous optimization of refinery production, product distribution and crude procurement. The use of advanced processing capabilities of Bina and Kochi refineries allows BPCL to process 100% of high sulphur crude and 50% Russian crude.
- With valuations at 1.4x FY26E P/BV, we see limited upside from current levels. With minimal volume growth, rising capex and volatility in earnings from the marketing division, we maintain our Neutral rating with a TP of INR660, valuing the stock at 1.5x FY26E BV.

Standalone - Quarterly Earning Model

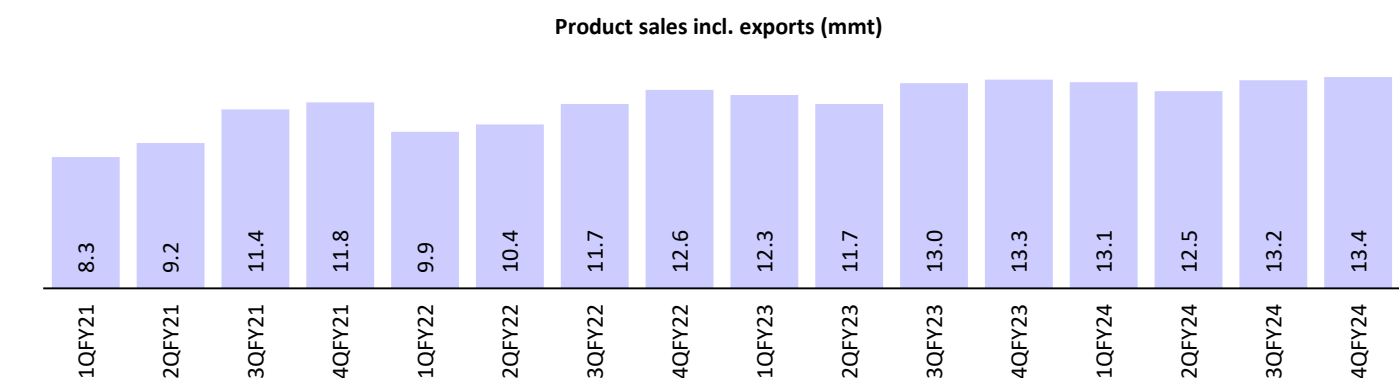
(INR b)

Y/E March	FY23				FY24				FY23	FY24	FY24	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
Net Sales	1,210.5	1,148.1	1,191.6	1,181.1	1,129.8	1,029.9	1,154.9	1,165.6	4,731.2	4,480.1	1,181.8	-1%
YoY Change (%)	70.7	50.3	25.3	13.3	-6.7	-10.3	-3.1	-1.3	36.5	-5.3	0.1	
EBITDA	-49.0	20.2	43.8	111.5	158.1	130.1	62.8	92.7	126.5	443.7	102.7	-10%
Margins (%)	-4.0	1.8	3.7	9.4	14.0	12.6	5.4	7.9	2.7	9.9	8.7	
Forex loss	9.6	5.9	1.4	-1.9	-0.2	1.0	0.5	0.5	15.0	1.8	0.1	
Depreciation	16.1	15.6	15.8	16.0	16.1	16.0	18.2	17.2	63.5	67.5	19.0	
Interest	6.2	8.1	9.8	8.1	6.8	7.7	5.0	5.2	32.2	24.7	6.3	
Other Income	4.4	5.6	4.5	5.4	4.7	7.7	6.8	4.7	19.9	23.9	7.8	
PBT before EO expense	-76.5	-3.8	21.3	94.8	140.1	113.1	45.8	74.4	35.8	373.5	85.0	-12%
Extra-Ord expense	0.0	0.0	0.0	13.6	0.0	0.0	0.0	18.0	13.6	18.0	0.0	
PBT	-76.5	-3.8	21.3	81.2	140.1	113.1	45.8	56.4	22.2	355.5	85.0	-34%
Tax	-13.9	-0.7	1.7	16.4	34.6	28.1	11.8	14.2	3.5	88.7	21.4	
Reported PAT	-62.6	-3.0	19.6	64.8	105.5	85.0	34.0	42.2	18.7	266.7	63.6	-34%
Adj PAT	-62.6	-3.0	19.6	75.6	105.5	85.0	34.0	55.7	29.6	280.2	63.6	-12%
YoY Change (%)	PL	PL	-30.7	202.4	LP	LP	73.4	-26.4	-70.3	848.1	-15.9	
Key Assumptions												
Refining throughput (mmt)	9.7	8.8	9.4	10.6	10.4	9.4	9.9	10.4	38.5	39.9	10.0	4%
Reported GRM (USD/bbl)	27.5	16.8	15.9	20.6	12.6	18.5	13.4	12.5	20.3	14.1	17.1	-27%
Marketing sales volume exclud exports (mmt)	11.8	11.4	12.8	12.9	12.8	12.2	12.9	13.2	48.9	51.0	13.3	-1%
Marketing GM incld inv (INR/litre)	-9.1	-0.6	1.1	2.9	9.3	5.9	3.5	5.7	-1.4	6.1	3.4	67%

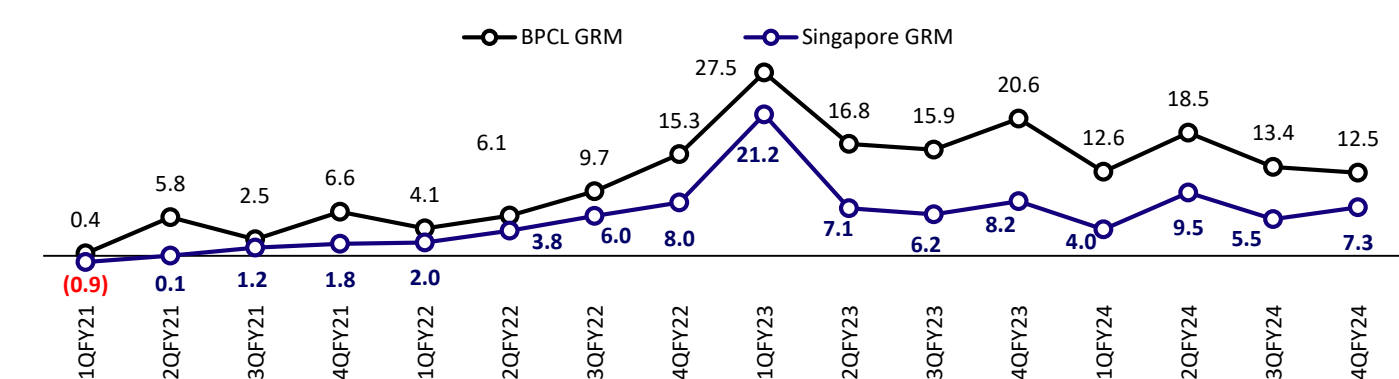
Exhibit 1: BPCL – key assumptions

Y End: March 31	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Exchange Rate (INR/USD)	70.0	70.9	74.3	74.5	80.4	82.9	84.6	86.0
Crude cost (USD/bbl)	70.1	61.2	44.4	80.5	96.1	82.9	85.0	85.0
Domestic Market Sales (mmt)	43.1	43.1	38.7	42.5	48.9	51.0	53.1	55.2
YoY (%)	5%	0%	-10%	10%	15%	4%	4%	4%
Reported GRM (USD/bbl)	4.6	2.5	4.1	9.5	20.3	14.1	9.0	9.0
Singapore GRM (USD/bbl)	4.9	3.2	0.5	5.0	10.7	6.6	6.0	6.0
Prem/(disc) (USD/bbl)	(0.3)	(0.7)	3.6	4.5	9.6	7.6	3.0	3.0
Refinery throughput (mmt)	31.0	31.9	26.4	34.1	38.5	39.9	40.0	40.0
YoY (%)	9%	3%	-17%	29%	13%	4%	0%	0%
Marketing Margin (INR/ltr)								
Blended gross marketing margin incld inventory	4.8	4.7	6.9	5.0	(1.4)	6.1	4.1	4.1
Consolidated EPS	40.7	23.8	63.2	52.0	9.4	129.3	72.3	73.3

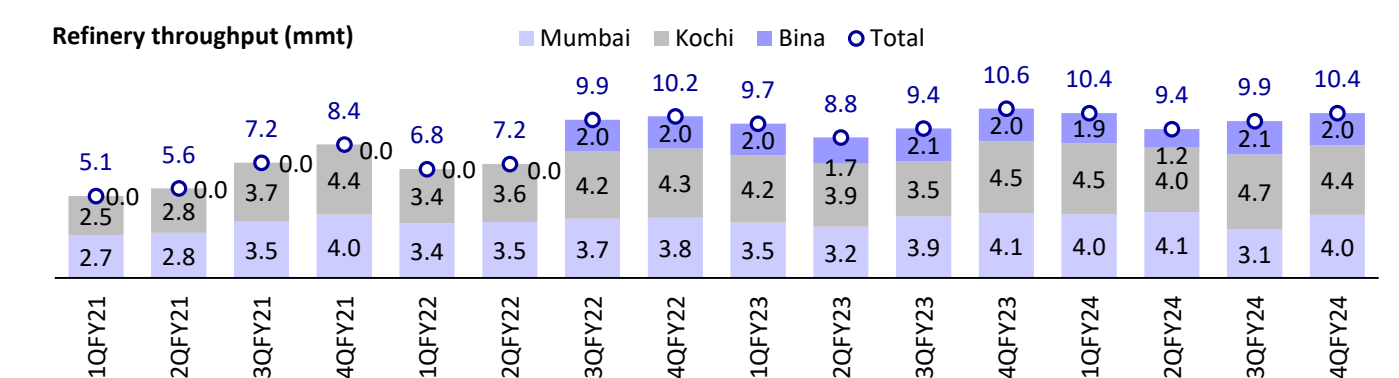
Source: Company, MOSFL

Exhibit 2: Product sales at 13.4mmt (up 1% YoY)

Source: Company, MOSFL

Exhibit 3: Reported GRM at USD12.5/bbl in 4QFY24 vs. USD20.6/bbl in 4QFY23

Source: Company, MOSFL

Exhibit 4: Total refinery throughput was down 3% YoY

Source: Company, MOSFL



Highlights from the management commentary

Performance:

- BPCL posted its highest-ever net profit of INR267b in FY24, a significant increase from INR18.7b in FY23. Refineries achieved their highest-ever throughput of 39.33mmtpa. 4QFY24 GRMs stood at USD12.48 per barrel, exceeding SGRM.
- Domestic market sales grew by 2.09% YoY to 13.18mmt.
- BPCL achieved a distillate yield of 84.67% in 4Q, one of the highest among Indian refineries.
- In the gas business, BPCL has operationalized 25 of the 27 GAs, except the recently acquired J&K and Ladakh GAs. BPCL added 435 CNG retail outlets in FY24, taking the total count to 2,034 stations.

Outlook:

- In the refining business, BPCL plans to expand refining capacity to 45mmtpa by FY29, beginning with the brownfield expansion of Bina refineries.
- In the marketing business, the company plans to add 4,000 new outlets to the existing network of 22,000 outlets. During the year, the company has re-launched its premium petrol 'Speed'.
- BPCL plans to add another 300 CNG retail outlets in FY25, provided they have supply security via long-term tie-ups for about 2.89mmtpa. The supply agreement with Qatar Energy has also been renewed during FY24 for 20 years from FY28.
- Green Energy: BPCL aims to reach renewable energy capacity of 10GW till FY40, which will lead to significant savings in energy costs.
- The proposal to set up a bio-methanation plant of 150ton/day capacity at Kochi has been approved by the government of Kerala. The plant is expected to be commissioned by Jan'25.
- In the EV charging business, the company plans to reach a total of about 7,000 charging stations by FY25. 2,445 new stations have been added in FY24, taking the total to 3,135 EV charging stations.
- BPCL's first green hydrogen plant of 5MW electrolyzer capacity is being implemented at the Bina refinery.

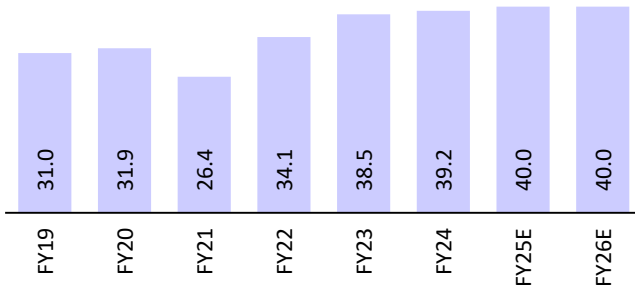
Other details:

- Approximately INR1,700b will be invested over the next five years. FY25 capex is expected to be around INR150b to INR160b, including INR20b-25b infusion in BPRL.

Story in charts

Exhibit 5: Throughput (mmt)

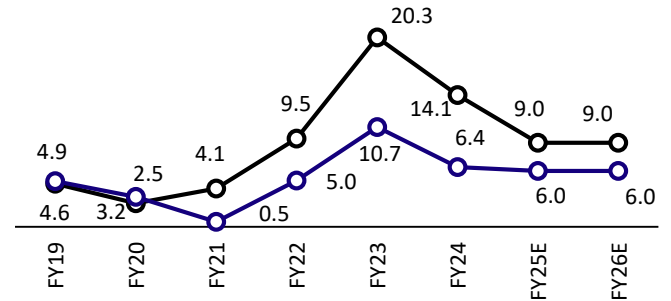
Refinery Throughput (mmt)



Source: Company, MOFSL

Exhibit 6: GRM trend

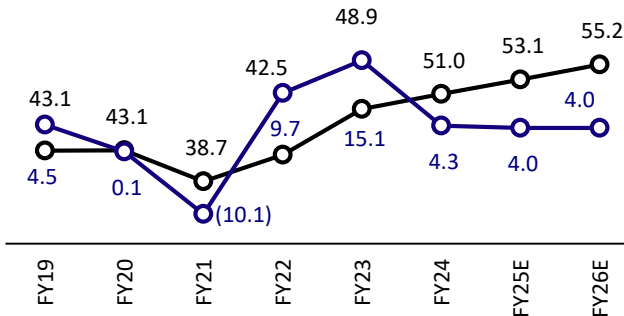
BPCL GRM (USD/bbl) Reuters Singapore GRM (US\$/bbl)



Source: Company, MOFSL

Exhibit 7: Domestic marketing sales volume

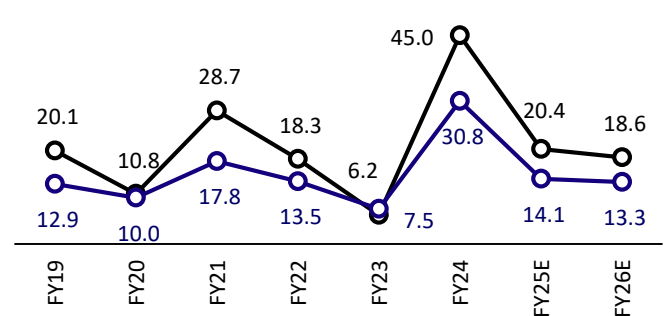
Domestic sales volume (mmt) - LHS YoY (%) - RHS



Source: Company, MOFSL

Exhibit 8: Standalone return ratios (%)

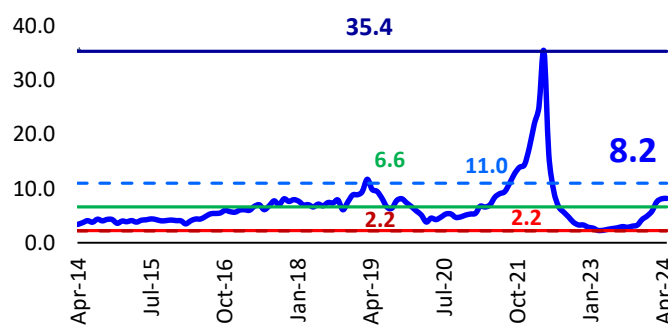
RoE ROCE



Source: Company, MOFSL

Exhibit 9: One year forward P/E

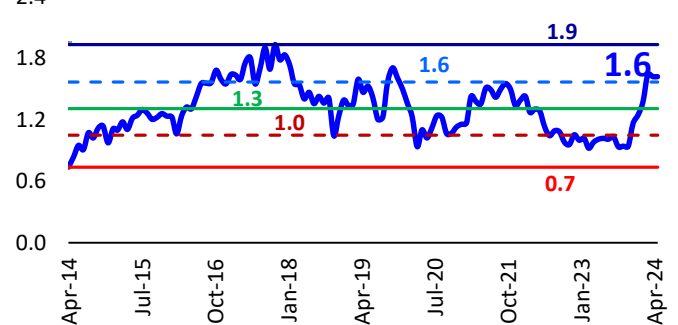
P/E (x) Avg (x) Max (x) Min (x) +1SD -1SD



Source: Company, MOFSL

Exhibit 10: One year forward P/B

P/B (x) Avg (x) Max (x) Min (x) +1SD -1SD



Source: Company, MOFSL

Financials and valuations (consolidated)

Consolidated - Income Statement

(INR b)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Total Income from Operations	2,982	2,846	2,302	3,468	4,732	4,481	4,252	4,395
Change (%)	26%	-5%	-19%	51%	36%	-5%	-5%	3%
EBITDA	158	100	211	189	94	443	262	269
Margin (%)	5.3	3.5	9.2	5.4	2.0	9.9	6.2	6.1
Depreciation	34	41	43	54	64	68	73	84
EBIT	124	59	168	134	30	375	189	185
Net forex loss	7	17	-2	-3	-15	2	0	0
Int. and Finance Charges	18	26	17	26	37	41	31	31
Other Income	20	19	23	23	15	22	24	29
PBT bef. EO Exp.	120	36	175	134	23	354	181	183
EO Items	0	-13	53	11	-16	-3	0	0
PBT after EO Exp.	120	23	228	145	6	351	181	183
Total Tax	44	0	51	44	7	93	46	46
Tax Rate (%)	36.6	-0.6	22.5	30.0	109.7	26.6	25.2	25.2
Minority Interest/Share of JVs/associates	9	14	-3	15	22	11	15	16
Reported PAT	85	37	173	117	21	269	151	153
Adjusted PAT	85	50	132	109	20	271	151	153
Change (%)	-13%	-42%	166%	-18%	-82%	1272%	-44%	1%
Margin (%)	2.9	1.8	5.8	3.1	0.4	6.0	3.6	3.5

Consolidated - Balance Sheet

(INR b)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Equity Share Capital	20	20	21	21	21	21	21	21
Total Reserves	368	346	515	498	514	735	811	889
Net Worth	388	365	536	519	535	756	832	910
Minority Interest	21	21	0	0	0	0	0	0
Total Loans	429	558	400	559	605	455	455	455
Deferred Tax Liabilities	68	62	49	64	79	80	80	80
Capital Employed	905	1,006	985	1,142	1,219	1,291	1,367	1,445
Gross Block	1,039	1,223	1,286	1,515	1,735	1,491	1,551	1,611
Less: Accum. Deprn.	365	406	449	503	567	635	707	770
Net Fixed Assets	674	817	836	1,011	1,168	856	844	841
Capital WIP	137	178	171	154	162	202	281	351
Total Investments	68	55	72	52	64	266	266	266
Curr. Assets, Loans&Adv.	491	459	530	658	486	700	704	746
Inventory	229	222	267	422	381	428	421	435
Account Receivables	69	54	78	97	67	43	41	42
Cash and Bank Balance	7	12	81	22	26	63	76	103
Cash	4	8	76	22	23	23	36	63
Bank Balance	2	4	5	1	3	40	40	40
Loans and Advances	186	171	103	117	13	166	166	166
Curr. Liability & Prov.	464	503	625	733	662	733	728	759
Account Payables	430	466	590	702	633	700	688	711
Provisions	33	36	36	32	29	33	40	48
Net Current Assets	27	-44	-95	-75	-176	-33	-24	-13
Appl. of Funds	905	1,006	985	1,142	1,219	1,291	1,367	1,445

Financials and valuations

Ratios

Y/E March (INR)	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Basic (INR)								
EPS	40.7	23.8	63.2	52.0	9.4	129.3	72.3	73.3
Cash EPS	57.1	43.3	84.0	78.0	39.9	161.6	107.1	113.2
BV/Share	185.2	174.6	255.9	248.0	255.7	361.4	397.7	434.8
DPS	20.2	17.6	79.0	16.0	10.0	42.0	35.9	36.2
Payout (%)	54.6	110.2	95.5	28.7	98.2	32.7	49.7	49.4
Valuation (x)								
P/E	14.5	24.9	9.4	11.4	62.8	4.6	8.2	8.1
Cash P/E	10.4	13.7	7.1	7.6	14.9	3.7	5.5	5.2
P/BV	3.2	3.4	2.3	2.4	2.3	1.6	1.5	1.4
EV/Sales	0.4	0.4	0.5	0.4	0.3	0.3	0.3	0.3
EV/EBITDA	7.4	11.6	5.9	6.6	13.2	2.8	4.7	4.6
Dividend Yield (%)	3.4	3.0	13.3	2.7	1.7	7.1	6.1	6.1
FCF per share	-1.7	-21.8	68.8	56.6	18.9	125.9	57.2	64.0
Return Ratios (%)								
RoE	22.6	13.2	29.4	20.6	3.7	41.9	19.0	17.6
RoCE	11.8	9.1	15.9	10.9	-0.4	24.8	12.7	12.1
RoIC	11.8	8.2	18.3	11.9	-0.3	31.9	18.8	18.9
Working Capital Ratios								
Fixed Asset Turnover (x)	2.9	2.3	1.8	2.3	2.7	3.0	2.7	2.7
Asset Turnover (x)	3.3	2.8	2.3	3.0	3.9	3.5	3.1	3.0
Inventory (Days)	28	29	42	44	29	35	36	36
Debtor (Days)	8	7	12	10	5	3	3	3
Creditor (Days)	53	60	94	74	49	57	59	59
Leverage Ratio (x)								
Current Ratio	1.1	0.9	0.8	0.9	0.7	1.0	1.0	1.0
Interest Cover Ratio	7.0	2.3	9.7	5.2	0.8	9.0	6.1	5.9
Net Debt/Equity	1.1	1.5	0.6	1.0	1.1	0.5	0.5	0.4

Consolidated - Cash Flow Statement

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
(INR b)								
OP/(Loss) before Tax	129	37	224	160	28	362	181	183
Depreciation	34	41	43	54	64	68	73	84
Direct Taxes Paid	-30	-22	-38	-18	-8	-88	-46	-46
(Inc)/Dec in WC	-35	-7	38	13	-2	-12	4	16
CF from Operations	102	79	236	203	125	359	260	284
(Inc)/Dec in FA	-105	-122	-92	-85	-85	-96	-140	-150
Free Cash Flow	-3	-43	144	118	39	264	120	134
(Pur)/Sale of Investments	-2	12	-22	198	-3	-33	0	0
CF from Investments	-105	-111	-26	165	-78	-105	-140	-150
Inc/(Dec) in Debt	66	124	-120	-10	14	55	0	0
Dividend Paid	-49	-65	-49	-145	-13	-53	-75	-76
CF from Fin. Activity	2	36	-142	-422	-45	-254	-106	-107
Inc/Dec of Cash	-2	4	68	-54	2	0	13	27
Opening Balance	6	4	8	76	22	23	23	36
Closing Balance	4	8	76	22	23	23	36	63

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Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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